

Message Text

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EB/AV:MR. M STYLES
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FM SECSTATE WASHDC
TO AMEMBASSY TOKYO

C O N F I D E N T I A L STATE 278059

E.O. 11652: GDS

TAGS: EAIR, JA

SUBJECT: CIVIL AVIATION NEGOTIATIONS

1. SUMMARY: AMB. TOGO PRESENTED NEW GOJ CIVIL AIR POSITION PAPER TO ASST SEC HOLBROOKE NOV 18 WHICH DOES NOT ADVANCE STATE OF DISCUSSIONS. IN VIEW OF IMPASSE IT CREATES, BOTH SIDES AGREED POSTPONE RESUMPTION OF NEGOTIATIONS TO DEC 6 TO GIVE TIME FOR DIPLOMATIC DISCUSSIONS. END SUMMARY.

2. ASST SEC HOLBROOKE CALLED IN AMB. TOGO NOV 18 FOR DISCUSSION CIVIL AVIATION ISSUES TO DISCUSS DIFFERENT PERCEPTIONS WITH WHICH TWO GOVERNMENTS APPEAR TO BE APPROACHING CIVIL AVIATION NEGOTIATIONS. ASST SEC KATZ, STYLES, BUTTON AND ECTON OF EA/J PARTICIPATED ALONG WITH FUKADA AND MUKAYAMA OF JAPANESE EMBASSY.

3. AMB. TOGO PRESENTED LONG PAPER JUST RECEIVED FROM TOKYO WHICH IS SET OUT BELOW.
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4. ASST SEC KATZ EXPRESSED DISAPPOINTMENT THAT PAPER HAD NOT ADVANCED DISCUSSION BEYOND POINT AT WHICH NEGOTIATIONS ENDED IN OCTOBER. HE EXPRESSED PARTICULAR CONCERN AT CONTENTION THAT US HAD INTRODUCED NEW ELEMENTS, POINTING OUT

THAT AIRPORT CAPACITY AND CHARTER ISSUES WERE LONG-STANDING ELEMENTS OF U.S. POSITION.

5. KATZ NOTED THAT JAPANESE PAPER APPEARED CREATE IMPASSE WHICH MADE IT DOUBTFUL THAT PROGRESS COULD BE MADE IN

TALKS TO RESUME NOV 28. HE SUGGESTED DELAY UNTIL TENTATIVE DATE OF TUESDAY DEC 6 TO PERMIT DIPLOMATIC DISCUSSIONS IN INTERIM. (KATZ WILL BE TRAVELING WITH SECRETARY THROUGH NOV 23 BUT WILL BE ABLE ADDRESS JAPANESE SUGGESTIONS WEEK OF NOV 28.)

6. EMBASSY IS REQUESTED TO URGE GOJ TO CONSIDER ALTERNATE FORMULATIONS WHICH WILL PERMIT FRUITFUL NEGOTIATIONS TO RESUME.

7. "JAPANESE RESPONSE TO THE U.S. DOCUMENT 4"

8. "JAPAN HAS BEEN SEEKING RECTIFICATION OF THE IMBALANCE EXISTING IN JAPAN-US AIRTRANSPORT RELATIONS FOR MORE THAN A YEAR, BASED UPON ITS FIRM BELIEF THAT AIRTRANSPORT RELATIONS SHOULD BE BALANCED AND MUTUALLY BENEFICIAL AND THAT AIRLINES OF BOTH PARTIES BE ACCORDED FAIR AND EQUAL OPPORTUNITY TO COMPETE.

9. "THE UNITED STATES INITIALLY TOOK THE POSITION THAT IT WOULD BE PREPARED TO ENTER THE REVISION TALKS AS REQUESTED BY THE JAPANESE SIDE, PROVIDED THAT THE IMMEDIATE CONFIDENTIAL

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ISSUES INCLUDING THE SAIPAN CASE BE RESOLVED. AT THAT TIME, THE UNITED STATES EXPRESSED ITS POSITION THAT IT WOULD BE PREPARED TO CONSIDER ANY REASONABLE JAPANESE PROPOSAL NOT ONLY ON ROUTE RIGHTS BUT ALSO ON CAPACITY ARRANGEMENTS IN THE COURSE OF THE REVISION TALKS.

10. "ONCE THE IMMEDIATE ISSUES WERE RESOLVED, HOWEVER, THE UNITED STATES ALTERED ITS PREVIOUS POSITION, STATING THAT THERE SHOULD BE NO CAPACITY CONTROL MECHANISM. IT ALSO SET FORTH A NEW PACKAGE FORMULA LINKING THE REVISION TALKS WITH THE PROBLEM OF AIRPORT CAPACITY AS WELL AS WITH THE PROBLEMS PERTAINING TO CHARTER AGREEMENT AND TO INTRODUCTION OF LOW FARE SCHEMES, INSISTING THAT UNLESS THESE PROBLEMS ARE RESOLVED IT CANNOT CONSIDER ANY EXPANSION OF JAPANESE RIGHTS. THE U.S. DOCUMENT 4 STRESSED THE IMPORTANCE OF THE AIRPORT CAPACITY PROBLEM, AND IT WENT SO FAR AS TO SAY THAT "IT IS DIFFICULT TO ENVISION A SATISFACTORY BASIS FOR EXPANDING JAPAN'S OPPORTUNITIES" UNLESS THIS PROBLEM IS FULLY RESOLVED.

11. "JAPAN IS DEEPLY DISAPPOINTED AT THIS INTRANSIGENT

ATTITUDE OF THE UNITED STATES. WE STRONGLY HOPE THAT THE U.S. WILL APPROACH THE REVISION TALKS IN A MORE FLEXIBLE MANNER, WITH A RECOGNITION OF THE EVIDENT INEQUALITY IN THE CURRENT AGREEMENT.

12. "IN THIS REGARD, JAPAN WISHES TO SET FORTH ITS VIEWS

ON AIRPORT CAPACITY AS WELL AS ON CHARTER SERVICES AND LOW-PRICED SCHEDULED SERVICES.

"(1) WITH RESPECT TO AIRPORT CAPACITY, THE JAPANESE SIDE UNDERSTANDS THE CONCERN OF THE U.S. ON THIS MATTER. HOWEVER, IT IS A FACT THAT THERE ARE PHYSICAL LIMITS IN THE JAPANESE AIRPORT CAPACITY DUE TO VARIOUS CIRCUMSTANCES WHICH WE HAVE EXPLAINED DURING THE COURSE OF THE PREVIOUS CONFIDENTIAL

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CONSULTATIONS. THEREFORE, IT IS FAIR TO SAY THAT THE U.S. POSITION ON AIRPORT CAPACITY DISREGARDS SUCH REALITY AND THUS CLOSES THE DOOR OF OUR NEGOTIATIONS.

13. "THE MERE FACT THAT IT HAS TAKEN MORE THAN A DECADE FOR THE OPENING OF NARITA AIRPORT SHOWS CLEARLY HOW SERIOUS JAPANESE AIRPORT SITUATION IS AND WE DID ASSUME THAT THE U.S. SIDE HAS FULLY RECOGNIZED THE GRAVITY OF THE JAPANESE AIRPORT SITUATION BY HAVING OBSERVED HANEDA AIRPORT. SPECIFICALLY, PROSPECTS OF THE AIRPORT SITUATION IN TOKYO AND OSAKA ARE AS FOLLOWS:

14. "REGARDING TOKYO, SUBSTANTIAL INCREASE OF SLOTS IS NOT EXPECTED TO TAKE PLACE FOR ABOUT THREE YEARS EVEN AFTER THE OPENING OF NARITA AIRPORT DUE TO VARIOUS PHYSICAL AND SOCIAL CONSTRAINTS. AFTER THAT TRANSITION PERIOD, EVEN IF A SITUATION CONCERNING AVAILABILITIES OF SLOTS AT NARITA IS IMPROVED, THERE WILL STILL BE LIMITS;

15. "REGARDING OSAKA, AS WAS EXPLAINED IN THE PREVIOUS ROUNDS OF CONSULTATIONS, DUE TO THE AGREEMENTS CONCLUDED BETWEEN LOCAL COMMUNITIES IN THE VICINITIES OF THE AIRPORT AND THE AERONAUTICAL AUTHORITIES, EXPANSION OF AIRPORT CAPACITY IS NOT EXPECTED TO TAKE PLACE.

16. "NEEDLESS TO SAY, THE PHYSICAL CONSTRAINTS OF AIRPORT CAPACITY HAVE PLACED LIMITATIONS NOT ONLY UPON U.S. AIR-

INES BUT ALSO UPON ALL OTHER AIRLINES INCLUDING JAPANESE AND OTHER FOREIGN AIRLINES. THE UNITED STATES GOVERNMENT SHOULD FULLY RECOGNIZE THE FACT THAT THE U.S. AIRLINES HAVE ENJOYED AN EXTREMELY FAVORABLE POSITION IN JAPANESE AIRPORTS. SPECIFICALLY, AT HANEDA AIRPORT, THE U.S. AIRLINES CONFIDENTIAL

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HAVE BEEN ALLOCATED 332 SLOTS PER WEEK OUT OF 1034 SLOTS PER WEEK AVAILABLE FOR INTERNATIONAL SCHEDULED SERVICES. JAPAN AIR LINES, ON THE OTHER HAND, HAS BEEN ALLOCATED ONLY 288 SLOTS PER WEEK FOR ITS ENTIRE INTERNATIONAL SCHEDULED SERVICES. GIVEN THE LIMITATIONS OF AIRPORT

CAPACITY STATED ABOVE, THE JAPANESE AERONAUTICAL AUTHORITIES ARE PLANNING TO REALLOCATE SLOTS AT NARITA WHEN IT OPENS, BASED UPON THE PRINCIPLE OF FAIR AND EQUAL TREATMENT, AND WITH AN OBJECTIVE TO MAXIMIZE THE USE OF RESOURCES. IN THIS REGARD, PRIORITIES SHALL BE GIVEN TO SCHEDULED SERVICES OVER SERVICES SINCE THE FORMER IS BASED ON BILATERAL AIRTRANSPORT AGREEMENTS.

17. "JAPAN MAINTAINS THAT THE IMBALANCES ARISING FROM THE PRESENT AGREEMENT SHOULD BE RECTIFIED NOTWITHSTANDING THE AIRPORT CAPACITY SITUATION, AND IF THE U.S. INSISTS THAT THE SOLUTION OF PROBLEMS OF THE AIRPORT CAPACITY IS A PRECONDITION FOR THE RECTIFICATION OF THE IMBALANCES IN THE CURRENT ARRANGEMENTS, IT IS HARDLY ACCEPTABLE.

18. "(2) IN VIEW OF THE FACT THAT JAPANESE PASSENGERS ARE THE PREDOMINANT FACTOR IN THE PACIFIC CHARTER MARKET, THE JAPANESE GOVERNMENT IS CONTEMPLATING A CHARTER POLICY TO MEET THE CONVENIENCE OF JAPANESE TOURISTS. THE BASIC PREMISE OF SUCH A JAPANESE CHARTER POLICY, HOWEVER, WOULD HAVE TO BE THAT REGULATORY MEASURES ARE INDISPENSABLE INGREDIENTS OF ANY CHARTER ARRANGEMENT BETWEEN OUR TWO COUNTRIES. THEREFORE, JAPAN IS NOT IN A POSITION TO AGREE TO A CHARTER AGREEMENT AS PROPOSED BY THE UNITED STATES. JAPAN, HOWEVER, IS PREPARED TO NEGOTIATE WITH THE U.S. IN THE NEXT ROUND OF CONSULTATIONS TO INCREASE QUOTA OF CHARTER SERVICES BY SUPPLEMENTAL AIRLINES, ON CONDITION THAT THE PROBLEM OF RECTIFICATION OF THE IMBALANCES PRESENTLY EXISTING BETWEEN JAPAN-US AIRTRANSPORT RELATIONS BE RESOLVED.
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19. "(3) IN GENERAL, JAPAN SUPPORTS INTRODUCTION OF LOW-PRICE IN SCHEDULED SERVICES. HOWEVER, LOW-PRICED SCHEDULED SERVICES, JUST STARTED IN THE ATLANTIC, IS AT AN EXPERIMENTAL STAGE, AND IT IS UNABLE TO MAKE AN ASSESSMENT OF THE EFFECTS IT HAS ON SCHEDULED AND CHARTER SERVICES. A DECISION COULD BE MADE ON THIS PROBLEM AFTER AN ASSESSMENT IS MADE BY PARTIES CONCERNED AND IS REVIEWED AT IATA.

20. "JAPAN IS NOT NECESSARILY SEEKING CONTRACTION ON OUR AIR TRANSPORT RELATIONS. INDEED, WHAT WE SEEK IS BALANCED AND MUTUALLY BENEFICIAL RELATIONS. IN THIS REGARD, THE U.S. SHOULD RECOGNIZE THE CHANGES WHICH HAVE TAKEN PLACE OVER THE LAST DECADE, INCLUDING THE RATIO OF PASSENGERS BY NATIONALITY -- JAPANESE PASSENGERS HAVE OUTNUMBERED AMERICAN PASSENGERS AT ALMOST A THREE TO ONE RATIO.

21. "THE JAPANESE POSITION ON THE REVISION TALKS HAS ALREADY BEEN SET FORTH IN THE PREVIOUS NEGOTIATIONS, THE GIST OF WHICH IS AS FOLLOWS:

22. "(I) ROUTES SHOULD BE ESTABLISHED IN CORRESPONDENCE TO THE ACTUAL OR PROSPECTIVE FLOW OF JAPAN-U.S. TRAFFIC DEMAND, AND BE EXCHANGED IN SUCH A MANNER THAT AIRLINES OF BOTH PARTIES BE GRANTED FAIR AND EQUAL OPPORTUNITY TO SERVE ON THE SAME ROUTES. THIRD AND FOURTH TRAFFIC RIGHTS ARE TO BE STIPULATED AS A PRIMARY OBJECTIVE IN A BILATERAL AGREEMENT, AND FIFTH FREEDOM TRAFFIC RIGHTS ARE TO BE BALANCED AND BE EXCHANGED IN A RESTRICTIVE MANNER;

23. "(II) IN PRINCIPLE, NO MORE THAN ONE AIRLINE OF THE RESPECTIVE COUNTRIES SHOULD BE DESIGNATED ON EACH ROUTE;
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24. "(III) A MECHANISM OF CAPACITY CONTROL SHOULD BE SET UP IN ORDER TO ACCORD FAIR AND EQUAL OPPORTUNITY TO AIRLINES OF BOTH PARTIES AND TO PREVENT EXCESS CAPACITY.

25. "THE JAPANESE GOVERNMENT WISHES TO CONTINUE TO NEGOTIATE WITH THE U.S. GOVERNMENT ON THE REVISION OF THE PRESENT AGREEMENT. IT, HOWEVER, DEEMS IT DIFFICULT TO FIND ANY BREAKTHROUGH SHOULD THE U.S. SIDE FAIL TO RECONSIDER ITS UNREALISTIC PROPOSITION THAT THE SOLUTION OF AIRPORT SLOT PROBLEM AND CONCLUSION OF A CHARTER AGREEMENT TO ITS SATISFACTION IS PRECONDITION TO THE RECTIFICATION OF IMBALANCES." VANCE

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<< END OF DOCUMENT >>

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